

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7490

BILL NUMBER: HB 1307

DATE PREPARED: Jan 5, 2001

BILL AMENDED:

SUBJECT: Liability of Board Members.

FISCAL ANALYST: John Parkey

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill specifies that members of boards, committees, commissions, authorities, or other instrumentalities of governmental entities are not personally liable for acts performed within the scope of their employment.

Effective Date: July 1, 2001.

Explanation of State Expenditures: Under current law, present and former public employees are not personally liable for acts performed within the scope of their employment. This bill would extend this provision to members of certain boards, committees, commissions, authorities, or other instrumentalities of governmental entities. This bill could increase the damages the state pays in response to tort claims if plaintiffs filing claims against members of the affected organizations were able to extract damages from the state that otherwise would have been collected from private individuals.

The Office of the Attorney General reports the amount of damages paid as a result of tort claims submitted and tort claim lawsuits filed against the State and by plaintiffs in tort and civil rights litigation between CY 1995 and CY 1999 as follows:

<u>CY</u>	<u>Damages Paid</u>
1999	\$ 5,052,346
1998	\$ 2,935,075
1997	\$ 3,438,230
1996	\$ 5,742,977
1995	\$ 6,362,071

Under current law, damage awards cannot exceed \$300,000 for the injury to, or death of, one person in any one occurrence and \$5 M for the injury to, or death of, all persons in that occurrence

Explanation of State Revenues:

Explanation of Local Expenditures: If the plaintiffs filing claims against members of the affected organizations were able to extract damages from a local entity rather than a private individual, the bill could increase the damages paid by local entities.

The bill also allows a political subdivision to purchase insurance to cover the liability of a member of a board, committee, commission, authority, or another instrumentality if a governmental entity. The addition of these individuals could increase the cost of a subdivision's insurance. The extent of any such increase is unknown.

Explanation of Local Revenues:

State Agencies Affected: Governmental entities with members not classified as public employees.

Local Agencies Affected: Governmental entities with members not classified as public employees.

Information Sources: Dan Dovenbarger, Office of the Attorney General, (317) 232-6201.